

Message Text

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COMMERCE - MR. CONGER (INFO)

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EB - MR. WILLIAMSON (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY LIBREVILLE PRIORITY

INFO AMEMBASSY KINSHASA PRIORITY

C O N F I D E N T I A L STATE 205538

E.O. 11652: GDS

TAGS: BEXP

SUBJ: DISCUSSIONS WITH MORRISON-KNUDSEN AND COMMERCE

UNION BANK

1. DURING RECENT JOINT DISCUSSIONS WITH MORRISON-KNUDSEN AND COMMERCE UNION BANK DEPT OFFICER LEARNED THAT MORRISON-KNUDSEN SET TO OFFER PRESIDENT BONGO A TURNKEY PROPOSITION WITH CONSTRUCTION OF THE OWENDO-BOOUE-MOANDA/FRANCEVILLE ROUTE (INCLUDING US TRAINING FOR GABONESE TECHNICIANS). IN FORTHCOMING LIBREVILLE MEETING NEXT WEEK MORRISON-KNUDSEN REPRESENTATIVES WILL PROBABLY INFORM BONGO OF NEED FOR ENGINEERING COST STUDY FOR BOOUE-MOANDA LEG. THIS PRELIMINARY STUDY WILL RUN BETWEEN DOLS 1.5 AND 3 MILLION DOLLARS. THOUGH ACCESS TO GERMAN STUDY WOULD BE HELPFUL, MORRISON-KNUDSEN APPEARS TO HAVE CONFIDENCE ONLY IN US-SUPERVISED REVIEW.

2. RE THE MOANDA LEG, MORRISON-KNUDSEN WASHINGTON REPRESENTATIVE STATES THAT RAWIRI INFORMED HIM DURING THEIR RECENT MEETING THAT CONGO-BRAZZAVILLE HAS TOLD THE GOG OF
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THEIR INCREASING NEED FOR THE POINTE NOIRE RAIL LINE WHICH

HAS ENCOURAGED THE GABONESE TO SEEK ALTERNATIVE SEA OUTLET. MORRISON-KNUDSEN HAS ALSO CONSULTED WITH US STEEL ABOUT THE PROPOSED LINE; THERE IS OPTIMISM ABOUT THE EFFECT IMPROVED RAIL TRANSPORT FACILITIES WOULD HAVE IN INCREASING ANNUAL MANGANESE PRODUCTION TO 3 1/2 MILLION TONS.

3. MITCHELL DRAIZIN, NEW YORK OFFICE REPRESENTATIVE OF COMMERCE UNION BANK, CONFIRMED HE WAS PUTTING TOGETHER SYNDICATE ARRANGEMENT TO PROVIDE A PLUS DOLS 300 MILLION LOAN TO THE GOG FOR FINANCING CONSTRUCTION OF THE TRANS-GABON. THIS LARGE LOAN IS SECOND PART OF TWO STEP PROCESS. IN DECEMBER COMMERCE UNION BANK AND GOG WILL SIGN A DOLS 30 MILLION 12 YEAR GENERAL LOAN. COMMERCE UNION BANK WAS THE FIRST BANK TO BE ABLE TO OFFER THE GOG 12 YEAR TERMS BY ADJUSTING STANDARD 10 YEAR TERMS WITH TWO ONE YEAR LOANS.

4. FOR THE AMBASSADOR: WOULD APPRECIATE YOUR FRANK ASSESSMENT REGARDING PROBABILITY GOG WOULD AWARD AMERICAN COMPANY AS PRIME CONTRACTOR FOR TRANS-GABON CONSTRUCTION INCLUDING SECTOR TO BE FINANCED BY EUROPEAN SOURCES. KISSINGER

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